

AR52

**Metropolitan Estate and
Property Corporation Limited**

**Annual Report
and Accounts 1969**



Metropolitan Estate and
Property Corporation Limited

Chairman's Statement
Directors' Report and Accounts
for the Year ended
30th September 1969

Officers of the Company at 30th September, 1969

Board of Directors

C. E. M. Hardie, C.B.E., F.C.A., *Chairman*
J. Scrimgeour, C.M.G., O.B.E. } *Deputy Chairmen*
A. Kennedy Kisch, M.A. }
R. H. Sheppard, F.A.I., *Managing Director*
R. J. Dickinson, M.A.
W. E. Philp, F.R.I.C.S., F.A.I.
J. C. Hawkes, F.R.I.C.S.
M. R. Creasey, F.A.I.
Bernard Dufton, F.C.A.
The Hon. Angus Ogilvy
P. A. Anker, F.R.I.C.S.
W. M. Balch, F.R.I.C.S.

Secretary and Registered Office

A. L. Crowe, F.C.A.
Brook House, 113 Park Lane, London, W.1.

Auditors

Thomson McLintock & Co.
Chartered Accountants, 33 King William Street, London, E.C.4.

Registrars and Transfer Office

Barclays Bank Trust Company Limited
P.O. Box 123, 2 London Wall Buildings, London, E.C.2.

Bankers

Barclays Bank Limited
Lloyds Bank Limited
Martins Bank Limited
National Provincial Bank Limited

Brokers

J. & A. Scrimgeour
Fielding, Newson-Smith & Co.

Observatory House,
Slough



Notice of Meeting

Notice is hereby given that the Annual General Meeting of the Company will be held at Brook House, 113 Park Lane, London, W.1, on Monday, 22nd December, 1969, at 12 noon for the following purposes:

Ordinary Business

1. To receive and adopt the Balance Sheet and Statement of Accounts as at 30th September, 1969, and the Report of the Directors thereon.
2. To declare a Final Dividend on the Ordinary Share Capital.

To re-elect Directors:

3. Mr. J. Scrimgeour, C.M.G., O.B.E.
4. Mr. R. J. Dickinson, M.A.
5. Mr. W. E. Philp, F.R.I.C.S., F.A.I.

6. To authorise the Directors to fix the remuneration of the Auditors.

Special Business

As special business, to consider and if thought fit pass the following Resolutions as Ordinary Resolutions:

7. That the authorised capital of the Company be increased from £25,000,000 to £37,500,000 by the creation of 50,000,000 Ordinary Shares of 5s. each.
8. That, upon the recommendation of the Directors, the sum of £1,691,695 5s. 0d. being part of the sum standing to the credit of the Capital Reserve Account of the Company, be capitalised and, accordingly, that the Directors be and they are hereby authorised to appropriate the said sum to and amongst the persons who at the close of business on the 24th day of November, 1969 were registered as holders of the Ordinary Shares in the capital of the Company and to apply such sum on behalf of such persons in paying up in full 6,766,781 unissued Ordinary Shares of 5s. each in the capital of the Company to be allotted and distributed, credited as fully paid up, to and amongst such persons in the proportion of one new Ordinary Share of 5s. each for every ten Ordinary Shares of 5s. each held by them respectively on the said date provided that no such person shall be entitled to receive an allotment of a fractional part of an Ordinary Share and that any of the said 6,766,781 Ordinary Shares representing the aggregate of fractions shall be allotted, credited as fully paid up, to a Trustee to be nominated by the Directors and sold at his discretion and the net proceeds of such sale shall be divided amongst the said persons in proportion to the fractions to which they would respectively have otherwise been entitled and the purchaser of such shares shall not be bound to see to the application of the purchase moneys.

A Member of the Company who is entitled to attend and vote may appoint a proxy or proxies to attend and, on a poll, to vote in his stead. A proxy need not be a Member of the Company.

By Order of the Board

A. L. Crowe, Secretary.

London, W.1,

28th November, 1969

These Accounts are sent to Preference and Debenture Stockholders for information only. They are not entitled as a right to attend or vote, either in person or by proxy, at the above-mentioned meeting.

Report of the Directors for the year ended 30th September, 1969

To be presented to the Annual General Meeting of the Company at Brook House, 113 Park Lane, London, W.1, on 22nd December, 1969.

	£	£
Financial Results and Dividends		
The net profit, before deducting taxation, amounts to		5,692,129
Less Taxation as shown in the Revenue Account		2,534,841
		<hr/>
Net profit after taxation		3,157,288
Less Profit attributable to outside interests in subsidiaries		201,029
		<hr/>
		2,956,259
Appropriated to reserves:		
Canadian properties reserve	166,834	
Profit on dealing, after taxation	53,926	
	<hr/>	<hr/>
		220,760
		<hr/>
		2,735,499
Dividends paid or payable for the year:		
Preference	97,543	
Ordinary:		
Interim (4%) paid 25th June, 1969.	676,678	
Proposed Final (9%) payable 22nd December, 1969	1,522,526	
	<hr/>	<hr/>
		2,296,747
		<hr/>
		438,752
		<hr/>
Balance brought forward from previous year		1,009,047
		<hr/>
Balance to carry forward		£1,447,799
		<hr/>

Activities

The business of the group is property investment and dealing with the exception of the undermentioned subsidiary companies:

Jeffery Sons & Company Limited (Furnishing Trade)
King's Head Hotel (Darlington) Limited
T. M. Locke Limited (Department Store)

Issues of Loan Capital

- (a) The following issues of loan capital were made during the year ended 30th September, 1969, for the purposes of reducing bank borrowing and providing working capital:—
- (i) £2,000,000 of 6 $\frac{3}{4}$ % Debenture Stock 1997/2000 issued at par to The Prudential Assurance Company Limited
 - (ii) £31,631,000 of 5% Convertible Unsecured Loan Stock 1989/94
- (b) £2,614,506 of 8% Unsecured Loan Stock 2000/5 allotted as part-consideration for the acquisition of the entire issued share capital of The Metropolitan Railway Surplus Lands Company Limited

Issues of Share Capital

During the year ended 30th September, 1969, 4,357,510 Ordinary Shares of 5s. each were allotted as part-consideration for the acquisition of the entire issued share capital of The Metropolitan Railway Surplus Lands Company Limited.

On 31st December, 1968, 1,792,381 Ordinary Shares of 5s. each were issued at 10s. 6d. per share to The Prudential Assurance Company Limited upon the exercise of conversion rights attaching to £9,410,000 of 6 $\frac{3}{4}$ % First Mortgage Debenture Stock 1997/2000.

On 1st January, 1969, 240,000 Ordinary Shares of 5s. each were issued at 25s. per share to the holders of the 6% First Mortgage Debenture Stock 1987 of a subsidiary company in full implementation of the option attaching to that stock.

Revaluation of Properties

A revaluation of the properties of the group which were held for investment purposes was carried out as at 31st March, 1969, by the Directors on the basis of fair market value and, except for Canadian investments, the resulting valuations have been incorporated in the Balance Sheet as at 30th September, 1969.

Report of the Directors (continued)

Directors

The names of the directors of the company are set out on Page 2. The directors retiring by rotation in accordance with the provisions of the Articles of Association are Mr. J. Scrimgeour, C.M.G., O.B.E., Mr. R. J. Dickinson, M.A., and Mr. W. E. Philp, F.R.I.C.S., F.A.I., who offer themselves for re-election.

Directors' Interests in Shares and Loan Stocks of the Company

The interests of the directors in shares and Loan Stocks of the company and its subsidiaries are set out below. They include such family interests as are required by the Companies Act 1967.

M.E.P.C. LIMITED		Ordinary	4½% Preference	5¾% Debenture Stock 1984/89	8% Unsecured Loan Stock 2000/5	5% Convertible Unsecured Loan Stock 1989/94
C. E. M. Hardie	(a) *	16,000	—	—	—	—
	(b) *	12,000	—	—	—	—
C. E. M. Hardie (non-beneficial holding)	(a)	1,476	—	—	—	—
	(b)	—	—	—	—	—
J. Scrimgeour	(a)	—	500	—	—	—
	(b)	—	500	—	—	—
A. Kennedy Kisch	(a)	114,857	—	—	—	£49,460
	(b)	101,857	—	—	—	—
R. H. Sheppard	(a)	22,500	500	£1,000	—	£2,000
	(b)	22,500	500	£1,000	—	—
R. J. Dickinson	(a)	40,250	—	—	—	—
	(b)	40,250	—	—	—	—
R. J. Dickinson (non-beneficial holding)	(a)	315,600	—	—	—	£15,937
	(b)	323,654	1,000	—	—	—
W. E. Philp	(a)	2,000	—	—	—	£933
	(b)	2,000	—	—	—	—
J. C. Hawkes	(a)	89,817	—	—	£50	£6,000
	(b)	100,234	—	—	—	—
J. C. Hawkes (non-beneficial holding)	(a)	1,400	—	—	—	—
	(b)	5,000	—	—	—	—
M. R. Creasey	(a)	762	325	—	—	—
	(b)	762	325	—	—	—
B. Dufton	(a)	4,000	—	£1,000	—	£1,700
	(b)	3,475	—	£1,000	—	—
The Hon. Angus Ogilvy	(a)	2,000	—	—	—	—
	(b)	2,000	—	—	—	—
P. A. Anker	(a)	2,107	—	—	—	£900
	(b)	2,107	—	—	—	—
W. M. Balch	(a)	5,704	—	—	£235	£2,660
	(b)	5,704	—	—	£3,421	—
M.E.P.C. CANADIAN PROPERTIES LIMITED						
		Common Shares of No Par Value	Preference Shares \$25 each	6¾% First Mortgage Bonds 1982	8% Sinking Fund Debentures	
C. E. M. Hardie	(a)	815	—	—	—	
	(b)	815	—	—	—	
R. J. Dickinson	(a)	501	—	—	—	
	(b)	501	—	—	—	
P. A. Anker	(a)	5,650	250	\$6,000	\$3,000	
	(b)	6,586	—	\$1,000	—	
The Hon. Angus Ogilvy	(a)	50	—	—	—	
	(b)	50	—	—	—	

In addition to the above, at 30th September, 1969, Mr. P. A. Anker had options to purchase 5,000 common shares at \$4.50 per share not later than 31st July, 1974.

M.E.P.C. STILLORGAN LIMITED (a subsidiary of M.E.P.C. (Ireland) Limited)

		Ordinary Shares of £1 each
A. Kennedy Kisch	(a)	12,500
	(b)	12,500

* (a) at 30th September, 1969.

* (b) at 1st October, 1968 (or later date of appointment as director).

Report of the Directors (continued)

Average Number of Employees and their Remuneration

The average number of persons employed by the group in the U.K. during the year ended 30th September, 1969 was 523 and the aggregate remuneration payable for the year was £580,000.

Charitable Contributions

Contributions for charitable and similar purposes made by the group amounted to £2,750. The company did not make any contributions for political purposes.

Auditors

The auditors, Messrs. Thomson McLintock & Co. have indicated their willingness to continue in office and a resolution will be proposed at the forthcoming Annual General Meeting concerning their remuneration.

Finance Act, 1965

The company is not a close company for the purposes of the Finance Act, 1965.

For the purposes of capital gains tax the values of the company's ordinary, preference and debenture stocks at 6th April, 1965 were:—

Ordinary shares of 5s. each	9s. 9d.
4½% Preference stock (£1 units)	12s. 6d.
4% First mortgage debenture stock	£63 per £100 stock.
5½% First mortgage debenture stock	£85 per £100 stock.

The value of the ordinary shares of The Metropolitan Railway Surplus Lands Company Limited at 6th April, 1965, was 16s. per share.

The adjustment factors to apply to the ordinary shares and 8% unsecured loan stock of M.E.P.C. Limited issued in exchange for The Metropolitan Railway Surplus Lands shares are 1.29099 and 118.16793 respectively.

Proposed Changes in Share Capital

The Notice convening the Annual General Meeting of the Company includes, as special business, the consideration of Resolutions for:—

(a) increasing the capital of the Company from £25,000,000 to £37,500,000 by the creation of an additional 50,000,000 ordinary shares of 5s. each. In this connection the Board undertakes that no issue will be made which would effectively alter the control of the Company without approval of the shareholders in General Meeting.

(b) the capitalisation of the sum of £1,691,695 5s. 0d. being part of the sum standing to the credit of Capital Reserve Account and the application thereof in paying up in full 6,766,781 unissued ordinary shares of 5s. each of the Company for distribution, credited as fully paid, to Members of the Company on the register at the close of business on 24th November 1969, in the proportion of one new ordinary share for every ten ordinary shares held by them on the said date.

The new ordinary shares will rank *pari passu* in all respects with the existing ordinary shares of the Company, except that they will not rank for the final dividend in respect of the year ended 30th September, 1969. Fully paid renounceable share certificates will be posted on 22nd December, 1969. New ordinary shares representing the aggregate of fractions will be sold on the market and the net proceeds distributed to the persons entitled thereto.

Application will be made to the Council of The Stock Exchange, London, for permission to deal in and for quotation for the Shares proposed to be issued.

The conversion price of the 5% Convertible Unsecured Loan Stock 1989/94 (convertible 1974/88) will become 25s. 10.9d. per share as a result of the proposed issue.

By order of the Board
A. L. Crowe, Secretary
 28th November, 1969

Statement by the Chairman

The year 1968/1969 has marked a turning point in the affairs of the Group. Following the acquisition of The Metropolitan Railway Surplus Lands Company Limited with effect from 1st October, 1968, there has also been a major reconstruction of the Company's financial resources. Shareholders will recall that in 1965 arrangements were made with The Prudential Assurance Company Limited to borrow £12m over a period at 6 $\frac{3}{8}$ % (with certain relatively small conversion rights), and the last instalment of this borrowing was received during the year just ended.

The profits have risen from £4,440,000 (before taxation) in 1967/1968 to £5,692,000 for 1968/1969. The improved results for 1968/1969 have once again arisen to a large extent from a progressive increase in rental income of the Group from new investment, and also from continuing increments upon the renewal of leases to our tenants, which is expected once again to be repeated in 1969/1970 and thereafter.

In anticipation of the Group's financial needs in the next era of expansion, an issue of £31.6m 5% Convertible Loan Stock was made in January 1969 and this in conjunction with the substantial and progressive increase in rental income of the Group from new investment has had a dramatic effect upon the income position. This issue was underwritten at par just prior to a general recession in Stock Exchange prices, with the result that 77% of the issue was taken up by underwriters and the balance by shareholders, who will be aware that the interest rate attaching to such issues for most of the year has been very much higher. The Stock, which now stands below par, involved a disappointment for those shareholders who took up their Rights which the Group was advised it was necessary to grant. It is to be hoped, however, that the stock will prove an excellent long term investment, having regard to the inherent conversion rights. From the Company's viewpoint however, the transaction has been extremely beneficial. With an interest payment of 5% re-investment has been possible at a much higher rate, mainly in short-term dated loans. Some of the funds have been invested in properties with rewarding yields and as suitable opportunities occur, these funds will continue to be applied in this way.

The intention to increase the dividend from 12 $\frac{1}{4}$ % to 13% in total in respect of 1968/1969 was announced in January last, and provision has been made for this in the Accounts.

Shareholders will recall that the properties of the Group were re-valued as at 31st March, 1969, and showed a surplus on re-valuation of more than £54m. over their book value. The Valuations have been adopted in the Accounts of the Group (with the exception of Canada, where Accounting practice is slightly different).

Following the availability of new funds, your Board has of course, carried out a careful review of investment policy. We are a property company with proven capital and income appreciation, and the general intention is to continue to invest available funds in suitable buildings for long term ownership. The present investment in the United Kingdom is approximately as follows:

Offices	41.57%
Shops	31.98%
Industrial buildings	22.04%
Residential	4.41%

In Canada, the pattern is very much the same, with a rather larger bias towards industrial premises incorporating offices.

Notable freehold acquisitions during 1968/1969 include :

Lowndes House, 1/11 City Road, London, E.C.2.

Steel House, Tothill Street, London, S.W.1.

Manchester Liners House, St. Ann's Square, Manchester.

Yorkshire Post Headquarters and other adjoining properties in Bond Street/Albion Street, Leeds to be redeveloped in conjunction with Hume Holdings Limited.

Disregarding the acquisition of The Metropolitan Railway Surplus Lands Company Limited, the Group has invested a further £11m in property during 1968/1969.

The policy has also been initiated of opening regional offices in addition to the one we already have in Manchester, and the first new office was opened in Bristol in September, 1969.

Although the investment policy has largely been directed at the purchase of existing properties, the Group has in fact accumulated a portfolio of sites ripe for development. During last year some £4m worth were completed in the United Kingdom, and at the end of the year developments in progress totalled about £11m a high proportion of which is already pre-let.

There is a substantial number of further schemes in negotiation which should ensure the continuation of this pattern in the coming years. This activity is conducted as a separate departmental operation in the name of M.E.P.C. (Developments) Limited, directed by Mr. A. Kennedy Kisch and Mr. Walter Philp. Our Company in Ireland is also largely concerned with developments.

As you will see from the analysis in the Accounts, the breakdown of properties on a geographic basis at the present time, may be summarised as follows :

United Kingdom	80·64%
Canada	15·55%
Republic of Ireland	3·27%
Australia	0·54%

The process of investment and development is, by its nature, a gradual one, and as referred to earlier, surplus funds from the issue of 5% Convertible Loan Stock are in the meantime being advantageously invested in the money market on the basis of maturity at the expected dates of their requirements for property investment and the full benefit of this will be received in 1969/1970.

The prospects for the next decade are therefore those of continuing investment and revenue growth in accordance with past policies, and improvements in profit distribution can progressively be anticipated.

Shareholders will observe that it is intended to ask for their agreement to increase the authorised share capital by £12·5m in order to facilitate, not only the acquisition of existing property companies which might prove advantageous, but also to cover a proposed Scrip Issue of one share for each ten shares now held by existing shareholders. The Board intend that for 1969/1970 the present dividend is at least maintained on the Ordinary share capital as increased by the scrip issue. There is of course, always the problem of possible increases in Corporation Tax, from which indeed we suffered in the last financial year, when the additional imposition was absorbed by increased profits.

M.E.P.C. has a compact, enthusiastic and highly specialised staff, which has enabled the Group, under Mr Sheppard's management, to achieve good results in the spheres of both property and finance.

CHARLES E. M. HARDIE,
Chairman.

Consolidated Revenue Account of the Company and Subsidiary Companies for the year ended 30th September, 1969

	£	1969 £	1968 £	£
Revenue and charges		10,938,714		8,364,221
Deduct:				
Ground rents on leasehold properties	509,848		309,433	
Property outgoings, management and administrative expenses	2,159,501		1,493,289	
		<u>2,669,349</u>		<u>1,802,722</u>
		8,269,365		6,561,499
Sundry investment and other income (Note A)		<u>2,048,603</u>		<u>490,107</u>
		10,317,968		7,051,606
Deduct:				
Directors' emoluments (Note B)	105,842		71,886	
Auditors' remuneration	12,487		9,598	
Depreciation of furniture and fittings, office machinery and motor cars	33,063		13,022	
		<u>151,392</u>		<u>94,506</u>
		10,166,576		6,957,100
Interest (Note C)		<u>4,345,439</u>		<u>2,415,315</u>
		5,821,137		4,541,785
Amortisation of leasehold properties (Note 2, Page 14)		<u>129,008</u>		<u>101,666</u>
Net revenue before charging taxation (Note D)		5,692,129		4,440,119
Deduct:				
Taxation on revenue for the year (Note E)	2,571,161		1,824,957	
Adjustment in respect of prior years	36,320		77,830	
		<u>2,534,841</u>		<u>1,747,127</u>
Net revenue for the year		3,157,288		2,692,992
Revenue attributable to outside interests in subsidiaries		<u>201,029</u>		<u>203,707</u>
		2,956,259		2,489,285
Deduct:				
Profit on dealing, after tax, transferred to reserve	53,926		48,109	
Appropriated to Canadian properties reserve	166,834		292,013	
		<u>220,760</u>		<u>340,122</u>
		2,735,499		2,149,163
Dividends paid or payable for the year				
Preference	97,543		97,543	
Ordinary:				
Interim (4%) paid 25th June, 1969	676,678	(4%)	612,779	
Proposed final (9%) payable 22nd December, 1969	1,522,526	(8½%)	1,263,857	
		<u>2,296,747</u>		<u>1,974,179</u>
		438,752		174,984
Unappropriated revenue from previous year (Note F)		1,009,047		800,553
Unappropriated revenue carried forward		<u>£1,447,799</u>		<u>£975,537</u>

Notes on Consolidated Revenue Account

	1969 £	1968 £
A. Sundry investment and other income		
Dealing profits	98,048	83,669
Loss less Profit of trading subsidiaries	— 26,503	—
Interest and dividends from associated companies	221,533	101,084
Dividends from quoted investments	7,500	8,365
Other interest and income	1,748,025	296,989
	<u>£2,048,603</u>	<u>£490,107</u>
The turnover of the trading subsidiaries totalled £711,000 (1968 nil)		
B. Emoluments of the directors of the holding company		
Fees	15,700	14,053
Emoluments of executive directors	85,942	53,633
Pensions to former directors	4,200	4,200
	<u>£105,842</u>	<u>£71,886</u>
Particulars of directors' emoluments, excluding pension scheme contributions, in accordance with Section 6 of the Companies Act, 1967 are as follows:—		
Emoluments of the chairman	£11,750	£9,750
Emoluments of the highest paid director	£15,500	£13,125
Other directors:		
Remuneration up to £2,500 p.a.	6	5
Remuneration £7,501 to £10,000 p.a.	3	3
One director waived £250 fees. (1968 £250)		
The management duty of one director was wholly discharged outside the United Kingdom.		
C. Interest payable		
On debenture stocks and loans not repayable within five years	4,102,430	2,195,106
On debenture stocks and loans repayable within five years	247,988	168,226
On bank overdrafts	219,936	108,943
	<u>4,570,354</u>	<u>2,472,275</u>
Deduct:		
Amount applicable to properties held for or in course of development	224,915	56,960
	<u>£4,345,439</u>	<u>£2,415,315</u>
D. Contributions from overseas investment to net revenue before charging taxation		
Canada	918,186	805,265
Republic of Ireland	131,011	31,458
Australia	57,372	—
E. Taxation on revenue for the year		
Corporation tax (45%)	2,127,734	(42½%) 1,602,071
Overseas taxation	59,581	86,186
Transfer to overseas taxation equalisation account	383,846	136,700
	<u>£2,571,161</u>	<u>£1,824,957</u>
F. Unappropriated revenue from previous year		
Balance at 30th September, 1968	975,537	804,835
Adjustment arising from change in basis of Canadian properties reserve in prior years	42,916	—
	<u>1,018,453</u>	<u>804,835</u>
Adjustment due to issue of shares in a subsidiary to outside interests	9,406	4,282
Adjusted balance	<u>£1,009,047</u>	<u>£800,553</u>
G. The Metropolitan Railway Surplus Lands Company Limited		
The profits of The Metropolitan Railway Surplus Lands Company Limited have been included from 1st October, 1968, being the effective date of acquisition		

Balance Sheet of the Company and Consolidated Balance Sheet of the Company and Subsidiary Companies at 30th September, 1969

	M.E.P.C. LTD.		GROUP	
	1969 £	1968 £	1969 £	1968 £
Authorised share capital				
Ordinary capital (in shares of 5s. each)	22,500,000	17,500,000		
4½% Cumulative Preference capital (in shares of £1 each)	2,500,000	2,500,000		
	<u>£25,000,000</u>	<u>£20,000,000</u>		
Issued share capital and reserves				
Ordinary capital (fully paid)	<u>16,916,951</u>	<u>15,319,478</u>	<u>16,916,951</u>	<u>15,319,478</u>
Capital reserves				
General (Note 6)	24,399,356	3,165,731	54,602,366	7,976,436
Share premiums	<u>11,440,413</u>	<u>7,439,376</u>	<u>11,440,413</u>	<u>7,439,376</u>
	<u>35,839,769</u>	<u>10,605,107</u>	<u>66,042,779</u>	<u>15,415,812</u>
Revenue reserves				
Dealing profits	232,141	178,215	232,141	178,215
Unappropriated revenue	<u>738,290</u>	<u>508,885</u>	<u>1,447,799</u>	<u>975,537</u>
	<u>970,431</u>	<u>687,100</u>	<u>1,679,940</u>	<u>1,153,752</u>
Ordinary capital and reserves	<u>53,727,151</u>	<u>26,611,685</u>	<u>84,639,670</u>	<u>31,889,042</u>
Preference capital (fully paid)	<u>2,167,631</u>	<u>2,167,631</u>	<u>2,167,631</u>	<u>2,167,631</u>
	<u>55,894,782</u>	<u>28,779,316</u>	<u>86,807,301</u>	<u>34,056,673</u>
Future taxation				
Taxation equalisation account (overseas)	—	—	1,206,470	739,762
Taxation due 1st January 1971 or later	<u>839,000</u>	<u>669,000</u>	<u>1,216,179</u>	<u>923,210</u>
	<u>839,000</u>	<u>669,000</u>	<u>2,422,649</u>	<u>1,662,972</u>
Outside interests in subsidiary companies	<u>—</u>	<u>—</u>	<u>3,724,281</u>	<u>2,914,769</u>
Loan capital (Note 7)	<u>55,026,931</u>	<u>17,780,585</u>	<u>88,593,579</u>	<u>41,048,958</u>
Subsidiary companies				
Advances (without security)	<u>9,126,680</u>	<u>8,119,436</u>	<u>49,250</u>	<u>—</u>
Provision for repairs, renewals of fixed plant and dilapidations (Note 8)	<u>282,869</u>	<u>274,976</u>	<u>306,348</u>	<u>245,837</u>
Current liabilities				
Bank overdrafts	2,173,925	1,541,560	5,120,137	3,048,355
Creditors and accrued charges	1,888,222	1,286,443	4,190,414	2,565,072
Current taxation	815,847	811,813	2,100,082	1,901,405
Proposed final ordinary dividend	<u>1,522,526</u>	<u>1,263,857</u>	<u>1,522,526</u>	<u>1,263,857</u>
	<u>6,400,520</u>	<u>4,903,673</u>	<u>12,933,159</u>	<u>8,778,689</u>
	<u>£127,570,782</u>	<u>£60,526,986</u>	<u>£194,836,567</u>	<u>£88,707,898</u>

		M.E.P.C. LTD.		GROUP	
		1969	1968	1969	1968
		£	£	£	£
Fixed assets					
	Investment properties at valuation or at cost (Note 1)	56,671,545	32,393,466	152,661,268	82,911,530
	Less: Provision for amortisation and depreciation (Note 2)	110,391	579,482	1,493,895	2,358,103
		<u>56,561,154</u>	<u>31,813,984</u>	<u>151,167,373</u>	<u>80,553,427</u>
	Investment—£765,816 nominal of the debenture stocks of the Group at cost. (Market value £359,080 (Group: £399,437))	490,922	387,590	543,748	387,590
	Capital redemption policies at surrender values	315,009	293,557	316,772	293,557
	Funds for re-investment held by debenture trustees	4,763	267,929	149,058	368,534
	Office machinery, equipment and motor cars (Note 3)	63,120	52,629	179,536	73,220
		<u>57,434,968</u>	<u>32,815,689</u>	<u>152,356,487</u>	<u>81,676,328</u>
Subsidiary companies (Note 4)					
	Shares at cost, (less amounts written off—£13,056)	24,688,743	16,595,269	115,820	115,035
	Advances and dividends receivable	11,912,781	7,868,960	—	10,000
		<u>36,601,524</u>	<u>24,464,229</u>	<u>115,820</u>	<u>125,035</u>
Interests in associated companies (Note 5)		448,560	1,073,949	1,738,638	1,076,200
Current assets					
	Properties of dealing subsidiaries at cost	—	—	1,806,242	468,099
	Loans (secured)	1,141,180	226,861	2,273,632	1,266,178
	Loans (unsecured)	1,500,000	—	1,500,000	—
	Debtors for rents and sundry balances, less provision for doubtful debts	2,093,731	1,753,871	3,638,811	2,571,103
	Tax reserve certificates	2,842,330	112,471	2,842,330	112,471
	Short term deposits	25,449,125	—	27,514,635	—
	Bank and cash balances	59,364	65,912	1,049,972	1,155,414
		<u>33,085,730</u>	<u>2,159,115</u>	<u>40,625,622</u>	<u>5,573,265</u>
Outgoings in respect of property developments		—	14,004	—	257,070
<div> <div>CHARLES E. M. HARDIE</div> <div>RICHARD H. SHEPPARD</div> <div>Directors</div> </div>					
		<u>£127,570,782</u>	<u>£60,526,986</u>	<u>£194,836,567</u>	<u>£88,707,898</u>

The notes on pages 14/18 form an integral part of the accounts

Notes on the Balance Sheets

1 Properties

	M.E.P.C. LTD.				GROUP			
	Freeholds	Long Leaseholds	Short Leaseholds	Total	Freeholds	Long Leaseholds	Short Leaseholds	Total
	£	£	£	£	£	£	£	£
Balance 1st October 1968								
Valuation	10,004,315	4,773,320	702,425	15,480,060	20,790,212	7,770,642	1,057,625	29,618,479
Cost	11,493,808	4,678,661	740,938	16,913,407	43,791,001	8,194,694	1,307,356	53,293,051
Additions during the year at cost	2,169,071	942,894	—	3,111,965	22,120,395	2,169,996	63,928	24,354,319
Changes in Allocation	844,331	—844,331	—	—	592,873	—519,915	—72,958	—
	24,511,525	9,550,544	1,443,363	35,505,432	87,294,481	17,615,417	2,355,951	107,265,849
Deduct:								
Disposals	106,987	38,100	—	145,087	1,434,285	48,774	6,213	1,489,272
	24,404,538	9,512,444	1,443,363	35,360,345	85,860,196	17,566,643	2,349,738	105,776,577
Surplus on Revaluation	13,701,845	6,575,258	1,034,097	21,311,200	33,287,489	12,171,430	1,425,772	46,884,691
	38,106,383	16,087,702	2,477,460	56,671,545	119,147,685	29,738,073	3,775,510	152,661,268
Balance 30th September 1969								
Valuation by the Directors in 1969	36,560,050	15,935,920	2,472,550	54,968,520	90,384,832	27,365,760	3,768,350	121,518,942
Cost	1,546,333	151,782	4,910	1,703,025	28,762,853	2,372,313	7,160	31,142,326
	38,106,383	16,087,702	2,477,460	56,671,545	119,147,685	29,738,073	3,775,510	152,661,268

A revaluation of the properties of the group which were held for investment purposes was carried out as at 31st March, 1969, by the Directors on the basis of fair market value. Except for Canadian investments the resulting valuations have been incorporated in the balance sheet as at 30th September, 1969.

2 Freehold depreciation and leasehold amortisation

	M.E.P.C. LTD.		GROUP	
	Freehold Depreciation	Leasehold Amortisation	Freehold Depreciation	Leasehold Amortisation
	£	£	£	£
Balance 1st October 1968	218,457	361,025	1,701,846	657,307
Balances of new subsidiaries	—	—	76,051	—
Charged to revenue account	—	58,553	—	129,008
Appropriated out of profits	—	—	166,834	—
Taxation allowances	133,558	—	148,583	—
	352,015	419,578	2,093,314	786,315
Deduct:				
Change in basis of Canadian depreciation	—	—	155,439	—
Disposals	—	32,262	19,045	38,124
Surplus on Revaluation	259,578	369,362	489,730	683,396
Balance 30th September 1969	£92,437	£17,954	£1,429,100	£64,795
	£110,391		£1,493,895	

In accordance with the practice adopted in previous years, leasehold amortisation has been charged to revenue account in respect of leasehold investments having less than 100 years to run and this charge has been computed on the book values prior to revaluation. In the opinion of the directors, it is more realistic to provide amortisation only on leasehold investments having less than 50 years to run and this basis will be adopted from 1st October, 1969, so far as concerns the revenue account. In the above table, "Surplus on Revaluation" includes an adjustment reflecting this change of policy computed on the new values since 31st March, 1969.

Notes on the Balance Sheets (continued)

3 Office machinery, equipment and motor cars	M.E.P.C. LTD.		GROUP	
	1969 £	1968 £	1969 £	1968 £
Cost 1st October 1968	105,611	94,530	144,177	126,058
Additions	21,818	14,369	207,328	21,962
	<u>127,429</u>	<u>108,899</u>	<u>351,505</u>	<u>148,020</u>
Deduct:				
Disposals	3,118	3,288	50,476	3,843
Cost 30th September 1969	<u>£ 124,311</u>	<u>£105,611</u>	<u>£ 301,029</u>	<u>£144,177</u>
Depreciation 1st October 1968	52,982	46,429	70,957	59,746
Balances of new subsidiaries	—	—	56,638	—
Charged to revenue account	10,409	7,217	32,321	13,022
	<u>63,391</u>	<u>53,646</u>	<u>159,916</u>	<u>72,768</u>
Deduct:				
Disposals	2,200	664	38,423	1,811
Depreciation 30th September 1969	<u>£ 61,191</u>	<u>£52,982</u>	<u>£ 121,493</u>	<u>£70,957</u>
Net book value	<u>£ 63,120</u>	<u>£52,629</u>	<u>£ 179,536</u>	<u>£73,220</u>

4 Subsidiary companies

Particulars of the principal subsidiary companies are given on page 18. The accounts of Jeffery, Sons & Company Limited, furnishers, a wholly owned subsidiary company acquired in January 1968, have not been included in the consolidated accounts because, in the opinion of the directors, to do so would be of no real value to the members of the parent company in view of the insignificant amounts involved. The accounts of Jeffery, Sons & Company Limited are for the year to 31st January, the most convenient date for the trade, and the profit for the year ended 31st January 1969, which has not been dealt with in these accounts amounts to £815 before taxation.

5 Associated companies

Interests in associated companies are:

	M.E.P.C. LTD.		GROUP	
	1969 £	1968 £	1969 £	1968 £
Shares (unquoted)				
at cost	1,066	1,066	588,897	1,067
Loans less provisions	447,494	1,072,883	1,149,741	1,075,133
	<u>£448,560</u>	<u>£1,073,949</u>	<u>£1,738,638</u>	<u>£1,076,200</u>

Shareholdings in associated companies are as follows:

	Percentage of issued ordinary capital
HELD BY M.E.P.C. LIMITED:	
Currie Investments Limited	25%
M.E.P.C. (Glasgow) Limited	50%
HELD BY SUBSIDIARY COMPANIES:	
Broseley Investment Company Limited	44%
Bredwood Investments Limited	27%
County Palatine Developments Limited	27%
Lowton Construction Group Limited	37%
Metrolands-Victoria Investments Limited and Subsidiary	50%
Milbury Holdings Limited	23%
M.R.C.E. Limited	50%
Edifice Montcalm Inc. (registered in Canada)	50%
Middle Harbour Investments Limited (registered in Australia)	21½%

In the opinion of the directors the current value of the shares held in associated companies is in excess of book value, but such excess is not material.

Notes on the Balance Sheets (continued)

6 Capital reserve—general

	M.E.P.C. LTD. £	GROUP £
Balance 1st October 1968	3,165,731	7,976,436
Surpluses:		
Realisation of properties and sundry credits	104,623	339,279
Revaluation of properties attributable to M.E.P.C.	21,940,141	47,168,632
Purchases of debenture stock for redemption	4,152	13,618
	<u>25,214,647</u>	<u>55,497,965</u>
Deduct:		
Capital issue expenses	815,291	895,599
	<u>£24,399,356</u>	<u>£54,602,366</u>

No provision has been made for tax on capital gains which might become payable in the event of future sales of properties at the amounts at which they are included in the accounts. The tax, if any, which might arise would, with the exception of one subsidiary (see below), be chargeable only on that part of the capital gain attributable to the period since 6th April, 1965; in the opinion of the directors it is not practicable to quantify the amount.

In the event of the sale of the properties of one subsidiary company, tax would be payable on the difference between the cost to the subsidiary and the realised amount. The properties of that subsidiary are included in the group accounts at £8,330,774 in excess of cost.

If any such tax liabilities arise on a sale of the properties it would be the directors' intention to charge such liabilities to capital reserve and a sufficient balance will be retained in the reserve to meet such contingent liabilities.

7 Loan capital

	M.E.P.C. LTD. 1969 £	1968 £	GROUP 1969 £	1968 £
Secured				
*4% First mortgage debenture stock 1996	2,821,344	2,875,225	2,821,344	2,875,225
*5 $\frac{3}{4}$ % First mortgage debenture stock 1984/89	5,000,000	5,000,000	5,000,000	5,000,000
*6 $\frac{3}{8}$ % First mortgage debenture stock 1997/2000 (a)	11,059,000	8,000,000	11,059,000	8,000,000
3 $\frac{3}{4}$ % Debenture stock 1965/78	—	—	120,000	120,000
5 $\frac{3}{4}$ % First mortgage debenture stock 1985/90	—	—	2,500,000	2,500,000
6 $\frac{1}{2}$ % First mortgage debenture stock 1985/90	—	—	500,000	500,000
*6 $\frac{1}{2}$ % First mortgage debenture stock 1986/91	—	—	1,932,671	—
*6 $\frac{1}{4}$ % First mortgage debenture stock 1986/91	—	—	1,930,010	—
6% First mortgage debenture stock 1987	—	—	950,000	1,250,000
*First mortgage debenture 1992	—	—	3,992,331	3,656,732
*6 $\frac{3}{4}$ % First mortgage sinking fund bonds 1982	—	—	928,846	1,009,615
*5 $\frac{7}{8}$ % First mortgage sinking fund bonds 1983	—	—	1,170,698	1,221,039
*6 $\frac{3}{8}$ % First mortgage sinking fund bonds 1983	—	—	209,038	218,654
*6 $\frac{3}{8}$ % First mortgage sinking fund bonds 1987	—	—	1,137,756	1,180,009
*7 $\frac{1}{8}$ % First mortgage sinking fund bonds 1988	—	—	823,825	618,570
*8 $\frac{1}{2}$ % First mortgage sinking fund bonds 1991	—	—	1,538,462	—
*8% Sinking fund debentures 1991	—	—	2,692,308	—
Mortgages (c)	1,151,081	1,155,360	14,291,784	12,149,114
Unsecured				
8% Unsecured loan stock 2000/5	2,614,506	—	2,614,506	—
5% Convertible unsecured loan stock 1989/94 (b)	31,631,000	—	31,631,000	—
7 $\frac{3}{8}$ % Unsecured loan repayable 1972	750,000	750,000	750,000	750,000
	<u>£55,026,931</u>	<u>£17,780,585</u>	<u>£88,593,579</u>	<u>£41,048,958</u>

*The debenture stocks marked with an asterisk are wholly or partly redeemable through annual purchases, or by drawings out of yearly sinking fund instalments.

(a) Stockholders of £2,590,000 of 6 $\frac{3}{8}$ % first mortgage debenture stock 1997/2000 have the right to convert 10 per cent of such stock into ordinary shares of the Company at 10s. 6d. per share, the option to be exercisable in December 1969 or December 1970.

(b) The 5% unsecured convertible loan stock 1989/94 is convertible into ordinary shares of the Company at 28s. 6d. per share in any of the years from 1974 to 1988 inclusive.

Notes on the Balance Sheets (continued)

(c) The number of mortgages is such that to give full particulars of the repayment terms and interest rates would, in the opinion of the directors, result in a statement of excessive length. The following summary provides a general indication of these particulars:

	M.E.P.C. LTD.		GROUP	
	1969	1968	1969	1968
	£	£	£	£
Repayable in full before 30th September 1974:				
Interest 4%—5 $\frac{3}{4}$ %	—	—	765,500	737,500
Interest 6%—7 $\frac{3}{4}$ %	80,000	80,000	347,807	305,114
Interest 8%—9 $\frac{1}{4}$ %	—	—	1,234,059	769,231
Repayable in full after 30th September 1974 but before 30th September 1979:				
Interest 4%—5 $\frac{3}{4}$ %	64,081	—	64,081	—
Interest 6%—7 $\frac{3}{4}$ %	775,000	775,000	1,366,083	1,222,430
Repayable in full after 30th September 1979:				
Interest 4%—5 $\frac{3}{4}$ %	—	68,360	662,618	580,860
Interest 6%—7 $\frac{3}{4}$ %	232,000	232,000	9,164,583	8,533,979
Interest 8%—9%	—	—	687,053	—
	<u>£1,151,081</u>	<u>£1,155,360</u>	<u>£14,291,784</u>	<u>£12,149,114</u>

8 Provision for repairs, renewals of fixed plant and dilapidations

	M.E.P.C. LTD.	GROUP
	£	£
Balance 1st October 1968	274,976	245,837
Balances of new subsidiaries	—	26,018
Charged to revenue account	150,463	281,788
	<u>425,439</u>	<u>553,643</u>
Expenditure (less recovered from tenants)	142,570	247,295
	<u>£282,869</u>	<u>£306,348</u>

Deferred expenditure of £58,151 at 1st October, 1968, and £74,364 at 30th September, 1969, was set-off against the group provision.

9 M.E.P.C. Canadian Properties Limited—share options

At 30th September, 1969 share purchase warrants entitling the holders to purchase 895,745 common shares in M.E.P.C. Canadian Properties Limited were outstanding as follows:—

Exercisable	Entitlement	Price per share
Before 1st August, 1970	50,965 shares	\$3.50
Before 30th June, 1976	104,780 shares	\$3.50
Before 31st October, 1976	700,000 shares	\$6.00
Before 31st December, 1976	40,000 shares	\$7.25

Executives of M.E.P.C. Canadian Properties Limited have other options to purchase 25,000 common shares at \$4.50 not later than 31st July, 1974.

The total interest of minority shareholders in this subsidiary will be 45 $\frac{1}{2}$ % approximately if the rights and options are exercised in full, compared with 32 $\frac{1}{2}$ % at 30th September, 1969.

10 Exchange rate

The assets, liabilities and results of subsidiary companies have been converted into sterling at the following rates:

CANADA	£1 = \$(Can.) 2.60
AUSTRALIA	£1 = \$(A) 2.15

11 Capital commitments

Capital commitments for which provision has not been made in these accounts amount to:

	M.E.P.C. LTD.		GROUP	
	1969	1968	1969	1968
	£	£	£	£
Contracted	280,000	1,099,000	6,034,000	3,396,000
Authorised but not contracted	2,633,000	407,000	3,203,000	1,737,000

Notes on the Balance Sheets (continued)

12 Contingent liabilities

There are contingent liabilities for:

- (a) Uncalled capital investments in subsidiary companies amounting to £949,498.
- (b) Uncalled capital investments of a subsidiary company in an associated company amounting to £49,500.
- (c) Guarantees given by the company and its subsidiary companies to secure monies borrowed by other subsidiary companies amounting to £2,051,500
- (d) Guarantees given by a subsidiary company to secure monies borrowed by associated companies amounting to £603,725

13 Principal subsidiary companies

UNITED KINGDOM

Wholly owned subsidiary companies:

Avondown Properties Limited
 The Bletchley Property Company Limited
 Elom Properties Limited
 Finsbury Circus Estates Limited
 Furlong Properties Limited
 The House and Land Syndicate Limited
 Jeffery Sons & Company Limited
 Kingpost Investment Company Limited
 Kingsley Investment Trust Limited
 London Land & Property Company Limited
 The Manchester Commercial Buildings Company Limited
 M.E.P.C. (Developments) Limited
 M.E.P.C. (Liverpool) Limited
 M.E.P.C. (Pentyrch) Limited
 Metrolain Properties Limited
 Metropolitan Commercial Property Investments Limited
 The Metropolitan Railway Surplus Lands Company Limited
 (Wholly owned subsidiaries:
 Metrolands (Holloway) Limited
 Ortem Estates Limited
 King's Head Hotel (Darlington) Limited
 T. M. Locke Limited)
 St. Mary's Estate Limited
 Surrey Shop Holdings Limited
 Town Holdings Limited
 Town Investments Limited
 Twenty Albert Embankment Limited
 Waddon Investments Limited

Partly owned subsidiary companies:

Oxford Properties Limited
 Percy Street Investments Limited
 Property Development Consortium Limited
 Threadneedle Property Company Limited
 (Wholly owned subsidiary:
 Tudor Properties (Bramhall) Limited)

Proportion of
Ordinary Capital
held

67%
67%
84½%
65%

OUTSIDE THE UNITED KINGDOM

Incorporated in Canada:
 M.E.P.C. Canadian Properties Limited
 (and subsidiaries)
 365 Bay Street, Toronto 1
 (President: P. A. Anker, F.R.I.C.S.)
 Incorporated in the Republic of Ireland:
 M.E.P.C. (Ireland) Limited
 (and subsidiaries)
 Dublin City Properties Limited,
 3 Fade Street, Dublin 2
 (Managing Director: A. Kennedy Kisch, M.A.)
 Incorporated in Australia:
 M.R.S.L. Pty. Limited
 (and subsidiaries)

67½%

90%

93%

100%

Non-operating subsidiaries and subsidiaries which do not materially affect the profit or the assets of the group, have been excluded from the above statement.

Report of the Auditors

We have audited the books and records of Metropolitan Estate and Property Corporation Limited for the year ended 30th September, 1969. The foregoing accounts have been properly prepared in accordance with the provisions of the Companies Acts, 1948 and 1967. Certain of the subsidiaries have been audited by other firms of accountants.

In our opinion these accounts give a true and fair view of the state of affairs of the company, and of the state of affairs and profit of the company and its subsidiaries so far as concerns the members of the company.

THOMSON McLINTOCK & CO.
Chartered Accountants

33, King William Street,
London, E.C.4.
28th November, 1969

Comparative Information 1960-1969 (in £'000)

Group revenue account

	1960	1961	1962	1963	1964	1965	1966	1967	1968	1969
Gross revenue	2,157	2,561	4,151	4,499	4,932	5,552	6,409	7,509	8,854	12,987
Revenue before taxation	1,168	1,548	2,380	2,552	2,630	2,957	3,325	3,767	4,440	5,692
Taxation	586	799	1,271	1,336	1,367	1,554	1,566	1,458	1,747	2,535
Revenue available for ordinary dividends and reserves	540	696	1,036	1,125	1,157	1,266	1,589	2,070	2,392	2,859
Ordinary dividends	425	629	891	985	985	1,035	1,329	1,838	1,877	2,199
Rate of ordinary dividends	13½%	13½%	9½%	10½%	10½%	11½%	11½%	12%	12½%	13%

Group balance sheet

Investment properties (gross)	22,550	31,800	46,507	50,368	55,349	58,332	66,076	73,524	82,912	152,661
Loan capital	8,860	6,779	13,645	15,001	21,122	24,804	28,879	34,097	41,049	88,594
Share capital and reserves:										
Ordinary capital	5,136	7,939	15,319	15,319	15,319	15,319	15,319	15,319	15,319	16,917
Preference capital	1,525	1,525	2,025	2,025	2,168	2,168	2,168	2,168	2,168	2,168
Capital reserves	7,095	14,899	13,253	13,329	13,192	14,004	14,535	14,727	15,416	66,042
Revenue reserves	457	466	552	615	668	771	868	897	1,154	1,680
Total share capital and reserves	14,213	24,829	31,149	31,288	31,347	32,262	32,890	33,111	34,057	86,807

Notes

1 Because of the provisions of the Finance Act, 1965, the figures given for 1966 to 1969 in respect of taxation, revenue available for ordinary dividends and reserves and ordinary dividends are not comparable with earlier years.

2 The increases in the issued ordinary share capital resulted from the following (in £'000) :—

	1961	1962	1969
Rights issues	886		
Conversion of debentures	1,917	45	508
Scrip issue (1 for 2)		3,969	
Acquisition of subsidiary companies		3,366	1,090
	2,803	7,380	1,598





Bury Town Centre

Analysis of Group Properties

The properties owned by the group according to the consolidated balance sheet at 30th September 1969 can be divided into the following categories (at gross book values) :

	Freehold	Leasehold (over 50 years)	Leasehold (less than 50 years)	Total	%
	£	£	£	£	
UNITED KINGDOM					
Offices	34,992,293	13,096,308	3,081,160	51,169,761	33.52
Shops	32,591,701	6,418,715	362,100	39,372,516	25.79
Commercial and Industrial	22,174,771	4,674,667	279,750	27,129,188	17.77
Residential	2,511,310	2,894,150	27,500	5,432,960	3.56
	92,270,075	27,083,840	3,750,510	123,104,425	80.64
OUTSIDE THE UNITED KINGDOM					
Canada	22,115,985	1,622,476	—	23,738,461	15.55
Republic of Ireland	3,943,247	1,031,757	25,000	5,000,004	3.27
Australia	818,378	—	—	818,378	0.54
	£119,147,685	£29,738,073	£3,775,510	£152,661,268	100.00
Percentage of Total	78.05%	19.48%	2.47%	100%	



